

Hearing date and time: October 21, 2011, 9:45 a.m.

PREET BHARARA
United States Attorney
for the Southern District of New York
By: David S. Jones
Natalie N. Kuehler
Assistant United States Attorneys
86 Chambers Street, Third Floor
New York, NY 10007
Tel.: (212) 637-2800
Fax: (212) 637-2730
david.jones6@usdoj.gov
natalie.kuehler@usdoj.gov

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X	:	
In re	:	Chapter 11 Case No.
	:	
MOTORS LIQUIDATION COMPANY, <i>et al.</i> ,	:	09-50026 (REG)
f/k/a General Motors Corp., <i>et al.</i>	:	
	:	
Debtors.	:	(Jointly Administered)
	:	
-----X		

**LIMITED OBJECTION OF THE UNITED STATES OF AMERICA TO FINAL FEE
APPLICATION OF KRAMER LEVIN NAFTALIS & FRANKEL LLP AS COUNSEL TO
OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

The United States of America, on behalf of its agency the United States Department of the Treasury ("**Treasury**"), by and through its attorney Preet Bharara, United States Attorney for the Southern District of New York, hereby submits this limited objection to the Final Fee Application of Kramer Levin Naftalis & Frankel LLP for an award of attorneys' fees and costs, Dkt. No. 10268 (the "**Fee Application**"), solely to the extent the Fee Application seeks fees or expenses incurred in connection with the dispute between the Unsecured Committee of Unsecured Creditors (the "**Committee**") and Treasury and Export Development Canada ("**EDC**") as Debtor-in Possession Lenders ("**DIP Lenders**") concerning entitlement to

benefit from the proceeds (if any) of the Adversary Proceeding No. 09-0504 (REG) (the **“Avoidance Action”**).

As the Committee has acknowledged, Paragraph 20 of the “Final Order . . . Approving a DIP Credit Facility and Authorizing the Debtors to Obtain Post-Petition Financing Pursuant Thereto . . .” (**“DIP Order”**), Dkt. No. 2529 in Bankruptcy No. 09-50026, provides:

“Notwithstanding anything herein to the contrary, none of the proceeds of any extension of credit under the DIP Credit Facility shall be used in connection with (a) any investigation (including discovery proceedings), initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against the DIP Lenders or the Existing UST Secured Parties or EDC, in its capacity as lender under the Canadian Facility . . . , (b) the investigation or prosecution of any claims, causes of action, adversary proceeding or other litigation against the DIP Lender . . . with respect to any loans, extensions of credit or other financial accommodations made to any Debtor prior to, on or after the Petition Date. . . .”

There can be no dispute that the DIP Credit Facility has been the overwhelming, if not exclusive, source of all administrative funds contained in the estate. Nor can there be any dispute that the Committee both in 2010 and this year has litigated directly against the DIP Lenders seeking a determination that the DIP Lenders may not be repaid by the Estate from the proceeds of the Avoidance Action, and that unsecured creditors are exclusively entitled to benefit from any proceeds of that action. *See Official Committee of Unsecured Creditors of Motors Liquidation Co. v. United States Dep’t of the Treasury*, Adv. P. No. 11-9406 (REG); *see also “Motion to Enforce (A) the Final DIP Order, (B) The Wind-Down Order, and (C) the Amended DIP Facility,”* Dkt. No. 7226 in Bankr. No. 09-50026.

The DIP Order plainly precludes any use of available estate funds that originate from the DIP Credit Facility to pay Kramer Levin's fees arising from its litigation of its dispute with Treasury both in 2010, and in this year's ongoing adversary proceeding. Accordingly, Kramer Levin's Fee Application should be denied to the extent it seeks compensation from such funds for work in connection with its dispute with the DIP Lenders concerning whether proceeds of the Avoidance Action are reserved for the exclusive benefit of Unsecured Creditors.

CONCLUSION

Kramer Levin's Fee Application should be denied to the extent it seeks compensation from funds derived from the DIP Credit Facility for work performed in connection with its dispute with the DIP Lenders concerning entitlement to the proceeds (if any) of the Committee's Avoidance Action.

Dated: New York, New York
October 12, 2011

PREET BHARARA
United States Attorney for the
Southern District of New York

By: /s/ David S. Jones
David S. Jones
Natalie N. Kuehler
Assistant United States Attorneys
86 Chambers St., 3rd Floor
New York, NY 10007
Tel. (212) 637-2800
Fax (212) 637-2730
david.jones6@usdoj.gov
natalie.kuehler@usdoj.gov

CERTIFICATE OF SERVICE

I, David Jones, certify that I am an Assistant U.S. Attorney in the office of Preet Bharara, United States Attorney for the Southern District of New York, and that I caused the foregoing pleading to be served as follows:

By electronic notice via ECF to all persons registered to receive such notice;

By email to the following: Elihu Inselbuch (ei@capdale.com); Rita Tobin (rct@capdale.com); Stephen Karotkin (Stephen.karotkin@weil.com); Thomas Moers Mayer (tmayer@kramerlevin.com); Michael Edelman (MJEdelman@vedderprice.com); Michael Schein (MSchein@vedderprice.com) ;

And by first class mail to the Office of the United States Trustee, and to all persons listed on the service list annexed hereto as Exhibit A.

s/ David S. Jones

New York, New York
October 12, 2011

EXHIBIT A

GENERAL MOTOR CORPORATION

SERVICE LIST

Claim Name	Address Information
ADRIAN ENVIRONMENTAL MANAGEMENT, INC.	C/O KENNETH RICHARDS 7533 WILLOW CREEK DRIVE CANTON MI 48187
AIMS/DYKEMA GOSSETT PLLC	10 SOUTH WACKER DRIVE CHICAGO IL 60606
AIMS/LATHROP & GAGE LC	2345 GRAND BLVD. KANSAS CITY MO 64108
AIMS/STEPHENS & STEPHENS	410 MAIN STREET BUFFALO NY 14202
ARCADIS BBL	10559 CITATION DRIVE SUITE 100 BRIGHTON MI 48118
ARCADIS BBL	ATTN: CHRIS PETERS 10559 CITATION DRIVE SUITE 100 BRIGHTON MI 48118
ARCADIS GERAGHTY & MILLER, INC.	ATTN: CHRIS PETERS 10559 CITATION DRIVE SUITE 100 BRIGHTON MI 48118
BT2, INC.	ATTN: MARK HUBER 2830 DAIRY DRIVE MADISON WI 53718-6751
CHARTER TOWNSHIP OF FLINT	ATTN: SANDRA S WRIGHT 1490 S. DYE ROAD FLINT MI 48532
CHARTER TOWNSHIP OF YPSILANTI	LARRY J. DOE, TREASURER 7200 S. HURON RIVER DR. YPSILANTI MI 48197
CHARTER TWP. OF GENESEE	ATTN: TOM MANNOR, TREASURER 7244 N. GENESEE ROAD P.O. BOX 215 GENESEE MI 48437
CITY OF SAGINAW, TREASURER	1315 S. WASHINGTON AVE. SAGINAW MI 48601
CITY OF SIOUX CITY	CITY TREASURER P.O. BOX 447 SIOUX CITY IA 51102
CLEAN HARBORS ENVIRONMENTAL SERVICES	P.O. BOX 3442 BOSTON MA 02241-3442
CONESTOGA-ROVERS & ASSOC.	ATTN: BETH LANDALE 22055 NIAGARA FALLS BLVD. SUITE #3 NIAGARA FALLS NY 14304
CONESTOGA-ROVERS & ASSOCIATES	22055 NIAGARA FALLS BLVD SUITE #3 NIAGARA FALLS NY 14304
ENCORE ENVIRONMENTAL CONSORTIUM	ATTN: MARK QUILTER P.O. BOX 66 6723 TOWPATH ROAD SYRACUSE NY 13214-0066
ENVIRON INTERNATIONAL CORPORATION	214 CARNEGIE STREET PRINCETON NJ 08540
ENVIRON INTERNATIONAL CORPORATION	214 CARNEGIE STREET PRINCETON NJ 08540-1980
FAVERO GEOSCIENCES	ATTN: DAVE FAVERO 1210 SOUTH 5TH STREET, SUITE 2 SPRINGFIELD IL 62703
GENERAL OIL COMPANY, INC.	35796 VERONICA ST. LIVONIA MI 48150
GLOBAL ENVIRONMENTAL ENGINEERING INC.	6140 HILL 23 DRIVE SUITE 1 FLINT MI 48507
GROUNDWATER & ENVIRONMENTAL SERVICES, INC	440 CREAMERY WAY SUITE 500 EXTON PA 19341-2577
HALEY & ALDRICH DESIGN AND CONTRUCTION	56 ROLAND STREET BOSTON MA 02129-1400
HALEY & ALDRICH OF NEW YORK	200 TOWN CENTRE DRIVE, STE 2 ROCHESTER NY 14623-4264
HDR ENGINEERING	ATTN: DICK BELL 8404 INDIAN HILLS DRIVE OMAHA NE 68114
IOWA DEPT OF NATIONAL RESOURCES	HAZARDOUS WASTE REMEDIAL FUND 502 E. 9TH STREET DES MOINES IA 50319-0034
J.A. LOMBARDO & ASSOCIATES	ATTN: JOSEPH A. LOMBARDO 445 S. LIVERNOIS - SUITE 202 ROCHESTER MI 48307
NOVA CONSULTANTS, INC	21580 NOVI ROAD #300 NOVI MI 48375
O'BRIEN & GERE ENGINEERS, INC.	ATTN: TERRY L. BROWN 5000 BRITTONFIELD PKWY SYRACUSE NY 13057-9226
ROYAL ENVIRONMENTAL, INC.	720 LEXINGTON AVENUE P.O. BOX 15719 ROCHESTER NY 14615
SEVENSON ENVIRONMENTAL SERVICES, INC.	2749 LOCKPORT ROAD NIAGARA FALLS NY 14302
THE BANK OF NEW YORK	FINANCIAL CONTROL BILLING DEPARTMENT P.O. BOX 19445 NEWARK NJ 07195-0445
THE BARTECH GROUP	17199 NORTH LAUREL PARK DR. SUITE224 LIVONIA MI 48152
TOWN OF FRAMINGHAM	TAX COLLECTOR'S OFFICE 150 CONCORD ST FRAMINGHAM MA 01702
WASHTENAW COUNTY TREASURER	P.O. BOX 8645 200 N. MAIN ST STE 200 ANN ARBOR MI 48107-8645
WASTE MANAGEMENT	P.O. BOX 9001054 LOUISVILLE KY 40290-1054
WDC EXPLORATION & WELLS	500 MAIN STREET WOODLAND CA 95695
YOUNG'S ENVIRONMENTAL CLEANUP, INC	G-5305 NORTH DORT HIGHWAY FLINT MI 48505

Total Creditor count 39